



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

loans be extended to farmers, who are members of the association, on an amortization basis, to cover a period of not less than fifteen years and not more than thirty-five years, such loans to be limited in amount to 40 per cent of the central commission's valuation of the property to be mortgaged, and the rate of interest to cover only the actual cost of granting the loan and not provide any profit. The liability of the individual member, under the scheme, is limited to 150 per cent of the amount of his loan. The report also contemplates establishment, as soon as possible, under control of the Co-operative Farm Mortgage Association, of a bank for personal credit, in accordance with the provisions of the Canadian Bank Act, with headquarters within the province of Saskatchewan. The scheme is now under consideration by the provincial government.

S. ROY WEAVER

TORONTO, ONT.

WASHINGTON NOTES

REPORT ON WATER CARRIERS

One of the most complete discussions of shipping conditions of recent years has just been issued by the House of Representatives Committee on Merchant Marine and Fisheries as Volume IV of its *Proceedings*, the volume being a "report on steamship agreements and affiliations in the American foreign and domestic trade." The document comprises 459 pages and is a very complete review of facts, many of which were not heretofore readily available, while some have been entirely inaccessible. It appears that the steamship companies, during the investigation of the winter of 1912-13, finally came to the conclusion that their best policy lay in the adoption of a system of absolute frankness, including the filing of most of their pooling agreements with the committee. While the report goes in very great detail into the mechanics of the steamship business and its organization, the chief interest is found in the conclusions arrived at with respect to methods of control of competition. What has been learned on that point as to domestic trade may be summarized somewhat as follows:

1. Control through acquisition of water lines: (a) direct railroad ownership and operation of such lines; (b) railroad ownership through subsidiaries; (c) control by lease; (d) ownership of vessel lines by other vessel lines; (e) joint control of water lines by railroads; (f) control of one water carrier over another or of a railroad over a water carrier;

(*g*) community of interest through stockholders; (*h*) railroad control of competing lines through the ownership of a forwarding company, thereby throwing water companies back upon local business; (*i*) ownership of exclusive terminal facilities; (*j*) ownership of carriers by producing and trading companies.

2. Control through agreement or understanding: (*a*) agreements between water lines to divide territory or on fixed rates; (*b*) traffic associations; (*c*) requirement of unanimous consent of existing members in traffic associations prior to admission of outside line; (*d*) agreements not to charter or sell vessels to certain lines or for specified purposes.

3. Control through special practices: (*a*) intentional injury to or production of inefficiency in a water carrier after control of it has been obtained; (*b*) chartering of space on competing water lines, such space not being used while other shippers are deprived of it; (*c*) control of terminal facilities to the disadvantage of competitors; (*d*) ownership of available water frontage without use of it; (*e*) extreme cutting of rates; (*f*) manipulation of rates so as to destroy the economy and use of a water route; (*g*) establishment of contracts between water lines and shippers whereby rebates are granted if such shippers send their entire product by a single line, the object being to drive independent lines out of business; (*h*) undue raising of marine insurance rates to independent lines in order to compel them to charge higher transportation rates; (*i*) allowance of a limited amount of freight by combinations to competing lines with the understanding that this freight will be withdrawn if the competition is made troublesome; (*j*) diversion of bulk traffic by special allowances for milling or manufacturing in transit; (*k*) grant of special access to docks to preferred water carriers, others being refused; (*l*) refusal by railroads to issue through bills of lading except to favored lines; (*m*) establishment of exceptionally high rates for rail haul on commodities that have come part way by vessel but must be shipped over a short section of railway at the end of haul. Some other minor methods of competition are mentioned but these are the chief that have been developed in the course of the inquiry.

With regard to foreign trade conditions, the committee finds that the methods employed for the control of competition are about as follows:

1. Effecting an agreement or understanding with reference to the rates charged, including (*a*) fixed rate agreements, (*b*) minimum rate agreements, (*c*) differential rate agreements, (*d*) domination of one line by another.

2. Apportioning the traffic by allotting the ports from or to which sailings are to take place.

3. Apportioning the traffic by restricting the number of sailings of each line.

4. Limiting the volume of freight which certain lines may carry.

5. Pooling the freight receipts from all or a portion of the cargo.

6. Agreements between steamship conferences in special cases.

7. Requirements that lines deposit a specified sum as a guaranty of good faith, such sums to be forfeited if the depositing line renders any assistance to a non-conference line.

Among the methods of meeting competition of lines outside of the various conferences the committee recognizes:

1. The deferred rebate system.

2. The use of "fighting ships," for the purpose of making special-rate cuts and driving out independent lines.

3. Contracts with shippers, including (a) joint contracts made by the conference as a whole, (b) contracts made by the individual members of the conference, (c) contracts with large shippers for all of the bulk of their freight.

4. Agreements with railroads relative to the character of the steamship service from the various ports.

All this does not necessarily mean that the committee believes the pools and agreements to have been injurious in all cases; on the contrary it sees in them certain improvements in stability of rates and greater regularity of sailings. However, it recommends certain changes of law, among them the following:

1. In foreign trade:

a) That concerns engaged in foreign trade be brought under the control of the Interstate Commerce Commission.

b) That all agreements be filed with the Commission.

c) That the Commission be authorized to investigate complaints charging unreasonableness of water rates.

d) That rebating of freights be made illegal.

e) That the Interstate Commerce Commission be allowed to initiate investigations of its own into the business of water carriers.

f) That the use of "fighting ships" and deferred rebates be prohibited.

g) That adequate penalties be provided for the abuses referred to.

2. In domestic trade:

a) That the Interstate Commerce Commission be given full jurisdiction over water carriers.

b) That water carriers be required to file with the Commission all agreements affecting interstate transportation.

c) That rebates and discriminations between shippers be forbidden.

d) That the Commission be given power to make investigations on its own responsibility with reference to domestic water carriers.

e) That various railroad practices designed to injure water carriers be prohibited, and that the issue of through bills of lading to water carriers be required.

f) That railroads be compelled to make their terminal facilities available to water carriers on equal terms.

g) That provision be made for equal treatment for all shippers and water carriers by transfer and lighterage concerns when forming a link in interstate or foreign commerce.

h) That all interstate traffic on canals be brought within the jurisdiction of the Interstate Commerce Commission.

It is not believed likely that any action will be had upon the elaborate and far-reaching provisions of this report at the current session of Congress, or probably until there has been much more extensive and thorough consideration of its terms. A good many of the points recommended certainly will not be acted upon at all in the near future. Others are likely to receive careful attention at no distant day.

GOVERNMENT OWNERSHIP IN ALASKA

In signing the Alaska railroad bill on March 12, President Wilson has taken the final step committing the government to an elaborate experiment in public ownership and operation of railroads. This measure, now a law, provides that the President through "officers, agents, or agencies of his own selection," including such as he may detail from the engineer corps of the army and navy, may locate "a route or routes for a line or lines of standard-gauge railroad" not to exceed 1,000 miles "so located as to connect one or more of the open Pacific harbors on the southern coast of Alaska with the navigable waters in the interior of Alaska and with a coal field or fields yielding coal sufficient in quantity or quality for naval use, so as best to aid in the development of the agricultural and mineral or other resources of Alaska and the settlement of public lands therein." The President is also to purchase all equipment for the construction and operation of the railroads, build docks, wharves, and terminal facilities, fix and change rates of transportation with the aid of the Interstate Commerce Commission, and employ all officers and men needed for the operation of the road. The President

may, however, lease the railroad and the telegraph and telephone lines accompanying it for a period of twenty years after completion; he may condemn other property or purchase it as he sees fit, whenever he deems best. The power could not be more inclusive and absolute in reference to the subject over which it is to be exercised. In order to supply means for the scheme, an issue of \$35,000,000 of 3 per cent bonds, redeemable after ten years and payable thirty years from date, is authorized, while \$1,000,000 is immediately set aside for first expenses, this amount, however, to be a part of the \$35,000,000. By means of a "railway redemption fund," into which are to be paid the net earnings of the railroad and 50 per cent of all moneys derived from the sale of public lands in Alaska, provision is made for a resource to pay the interest on the bonds and to supply the cash for their ultimate redemption as needed.

The Alaska railroad bill is of particular interest apart from the fact that it provides for government ownership and probably government operation of a railway, inasmuch as it is only one phase of a large policy. The next element in that policy is the creation of an "Alaska development board" whose function would be that of controlling and caring for all public lands in Alaska, including actual agricultural land, mining resources, and practically everything else except the mere matter of transportation which is by the new bill brought under the oversight and control of the Interstate Commerce Commission acting with the President. When the enormous extent of Alaska and its undeveloped resources is considered, it is seen that the foundation has been laid for a gigantic enterprise of government ownership and exploitation, very much greater in its probable scope than is indicated by the transportation phases of the scheme. It is now definitely planned to employ in the construction the machinery used on the Panama Canal, and probably such elements of the personnel of the Canal enterprise as appear to be available for the work. The operation is under the general jurisdiction of Secretary Lane of the Department of the Interior, who has already undertaken the preliminary task of selecting engineers and other subordinates for the conduct of the work. The official announcement is that progress in construction will be hastened as rapidly as may be, as preliminary surveys have indicated approximately where the line should be located.

TELEGRAPH AND TELEPHONE PROSPECTS

The continued growth and increasing strength of the movement for government control of telegraph and telephone services in the United States is most impressively illustrated in the activity of the Post-Office

Department in preparing and publishing data in support of its position on that subject. The latest, and one of the most thorough, treatments of the situation that have been put out by the department is found in a document issued under date of February 13, but just made available, entitled "Government Ownership of Electrical Means of Communication" (S.Doc. 399, 63d Cong., 2d sess.). In this document is given the result of a lengthy investigation into conditions of government ownership of these two services, accompanied by a theoretical consideration of the conditions prevailing today in the United States. With reference to the government acquisition of the telegraph the Postmaster-General says:

Under government control, the postal service of our country has prospered, expanded, and developed to its present high state of working and economical efficiency, adopting, in the course of its growth, practically every means of transmitting intelligence, except electricity. The service has gone hand in hand with the advance guard of civilization. . . . The United States alone of the leading nations has left to private enterprise the ownership and operation of the telegraph and telephone facilities.

In dealing with the telephone question the letter says:

It is needless here to enter into the manifold advantages and benefits that would accrue to the people from a universal telephone service . . . as it has done with the mails, it is the duty of the government to make this facility available to all of its citizens without discrimination.

Inasmuch, however, as the investigating committee intrusted with the study of the subject by the Postmaster-General found that the cost to the government would be enormous were it to attempt to take over the whole telegraph and telephone network of the country, the committee makes the following concrete recommendation:

Your committee has reached the conclusion that the only way to afford to the people the complete and modern postal facilities that the Constitution makes it the duty of the government to provide is to put into effect the following recommendations:

1. That Congress declare a government monopoly over all telegraph, telephone, and radio communication and such other means for the transmission of intelligence as may hereafter develop.
2. That Congress acquire by purchase at this time at appraised value the commercial telephone network, except the farmer lines.
3. That Congress authorize the Postmaster-General to issue, at his discretion and under such regulations as he may prescribe, revocable licenses for the operation, by private individuals, associations, companies, and corporations, of the telegraph service and such parts of the telephone service as may not be acquired by the government.

The results of the investigation give probably a better condensed survey of the situation in regard to the use of the telegraph and telephone in various countries than has thus far been made available in other documents. One of the interesting statistical comparisons presented relates to the relative use of the telephone and telegraph during recent years. In the decade 1900-1910 with an increase of about 18 per cent in population there was an increase in average daily telephone connections of 287 per cent, while the increase in the number of telegraph messages was only 18 per cent, local business being almost entirely lost by the telegraph companies to the telephone concerns. Even in the long-distance communication the trend seems to be in favor of the telephone and against the telegraph.

INSURANCE AS "COMMERCE"

An important decision affecting controverted points relative to insurance has been handed down by the Supreme Court of the United States in the case of *New York Life Insurance Co. v. Deer Lodge County, Montana*. The main burden of the decision is to the effect that insurance is not interstate commerce. Some time ago legislation was adopted in Montana under which all insurance corporations were required to pay a specified tax each year upon the excess of premiums (after deducting losses and regular expenses) within the state. This legislation was attacked by the New York Life Insurance Co. as repugnant to the constitutional provisions relating to interstate commerce. The New York Life authorities had no difficulty in showing that all their business was transacted through agents who received their instructions by mail or telegraph from New York City, that place being also the depository of the company's funds as well as the point at which loans were determined upon and from which the amount of the loans was sent forward. Inasmuch as the company never had local headquarters in Montana it was claimed that Montana's tax was therefore a tax on interstate commerce, the character of the business as described in detail being commercial in character and certainly passing between the several states. In handing down a decision contrary to the view that insurance is interstate commerce, the Supreme Court now goes back to the early position taken more than one hundred years ago in *Paul v. Virginia* where the court held that there was nothing in the nature of insurance to warrant its being considered commerce, the making of an insurance contract being simply incidental to commercial relationships and having nothing necessarily to do with commerce as such. On the other hand, the Deer

Lodge decision declines to regard the fact that policies of insurance may be made use of for the purpose of negotiating loans as a good ground for endowing them with a commercial character in law. Thus the effort of the insurance companies to emancipate themselves from state control is again checked by the Supreme Court of the United States, notwithstanding that the judges apparently recognize the injury done to existing insurance systems as a result of differences of policy among the several states. It has been believed by some of the larger insurance concerns that a time had arrived when government control, which has been carried so far in other directions, might also be applied by the federal authorities to insurance, thereby enabling them to feel a greater degree of certainty with reference to the regulations and restrictions with which they must comply in transacting business. This latest decision has practically rendered such expectations nugatory for a good while to come.